

AIR CANADA 1968 ANNUAL REPORT

AR03

file



FINANCIAL

	1968	1967	Change %
Revenues (000)	\$387,628	\$345,611	12
Operating Expenses (000)	359,610	329,731	9
Net Income (000)	8,184	3,547	131
Investment at Year-end (000)	417,434	319,450	31
Return on Investment	6.3%	5.2%	

STATISTICAL

Revenue Passenger Miles* (000)	5,616,011	5,221,358	8
Available Ton Miles (000)	1,503,770	1,227,164	23
Yield per Revenue Passenger Mile*	5.84¢	5.66¢	3
Operating Cost per Available Ton Mile.	23.91¢	26.87¢	(11)
Passenger Load Factor*	58%	65%	
 Fleet Size at Year-end	109	101	8
Route Mileage at Year-end	78,820	68,645	15
Personnel at Year-end	16,656	16,225	3

*Scheduled Services only

Board of Directors	2
Text.	3-14
Balance Sheet.	16-17
Statement of Income and Retained Earnings	18
Statement of Source and Application of Funds	19
Notes to Financial Statements; Auditors' Report.	20
Glossary of Terms	21
Ten Years of Expansion	22-23
Route Map	24

Board of Directors: Appointed by Governor-in-Council :

Yves Pratte, Q.C., *Montreal*
R. H. McIsaac, K.S.S., *Winnipeg*
J. G. Simpson, *Halifax*
Welland D. Woodruff, *Toronto*

Elected by the Shareholders :

David A. Anderson, *Toronto*
W. C. Koerner, K.S.T.J. of J., LL.D., *Vancouver*
N. J. MacMillan, Q.C., LL.D., *Montreal*
Bernard Tailleur, *Montreal*
Renault St-Laurent, Q.C., LL.D., *Quebec City*

Officers: Yves Pratte, Q.C.
Chairman of the Board and Chief Executive Officer
J. R. Baldwin
President
H. W. Seagrim
Executive Vice President
W. G. Wood
Senior Vice President — Sales
W. S. Harvey
Senior Vice President — Finance
D. C. Tennant
Vice President — Operations
S. W. Sadler
Vice President — Administrative Services
R. C. MacInnes
Vice President — Public Relations
Lionel Côté, Q.C.
I. E. McPherson
General Counsel
R. T. Vaughan, Q.C.
Secretary of the Company
K. E. Olson
General Manager, Purchases and Stores

Executive Offices :

Place Ville Marie
Montreal, Que.

TO THE HONOURABLE
THE MINISTER OF TRANSPORT
OTTAWA

Sir,

The Board of Directors submit the Annual Report for the Air Canada system for the year 1968.

A record profit, the largest return on investment in the Company's recent history and increased traffic in all categories marked a period of further growth and strengthening of Air Canada's financial position.

FINANCIAL

Net income after tax amounted to \$8,184,000 and return on investment reached 6.3%. Comparable 1967 results were \$3,547,000 and 5.2%.

The year differed in certain basic respects from its predecessor. In 1967 traffic growth, under the stimulus of Canada's Centennial activities, had been exceptional. By comparison, 1968 was characterized by a modest increase in passenger traffic and lower load factors. These trends were, however, offset by significantly lower unit costs and improved passenger revenue yield per unit of traffic.

Revenues

Operating revenues reached \$387,628,000, a 12% increase. Passenger revenues, accounting for 85% of the total, rose 11% as passenger traffic grew 8% and a 3% increase in revenue return per passenger mile resulted from the North American tariff revision of April 28. This revision was required to halt yield dilution and to generate the profits required to assist in the financing of future aircraft.

Freight revenues, comprising 7% of total, regained the high growth rates experienced prior to 1967. They advanced 36% on the strength of a 44% increase in traffic, a gratifying response to the improved all-cargo services provided in 1968.

Mail revenues increased only 3%, due in part to the 22-day Canadian postal strike during the summer.

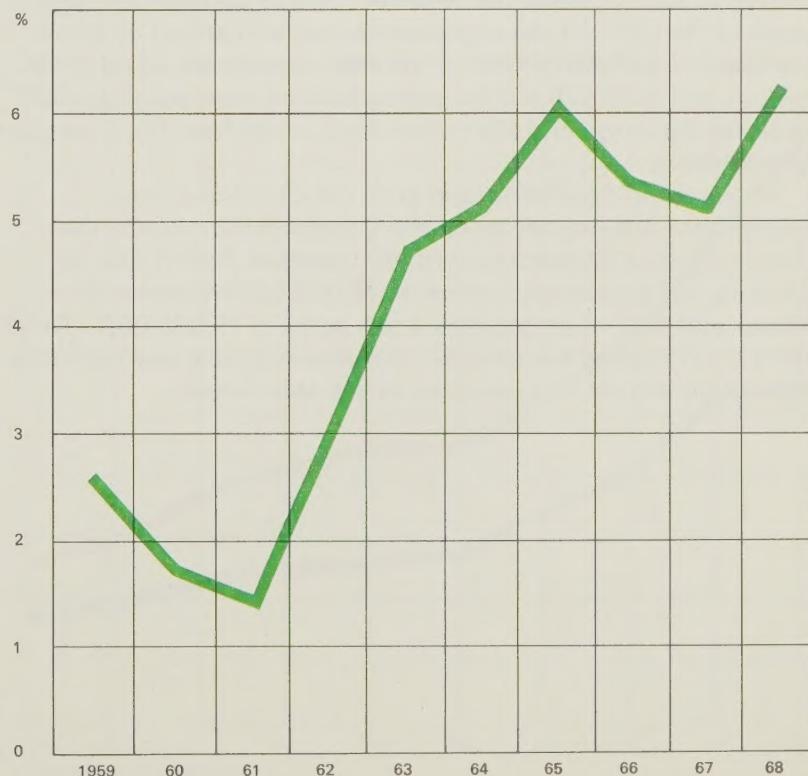
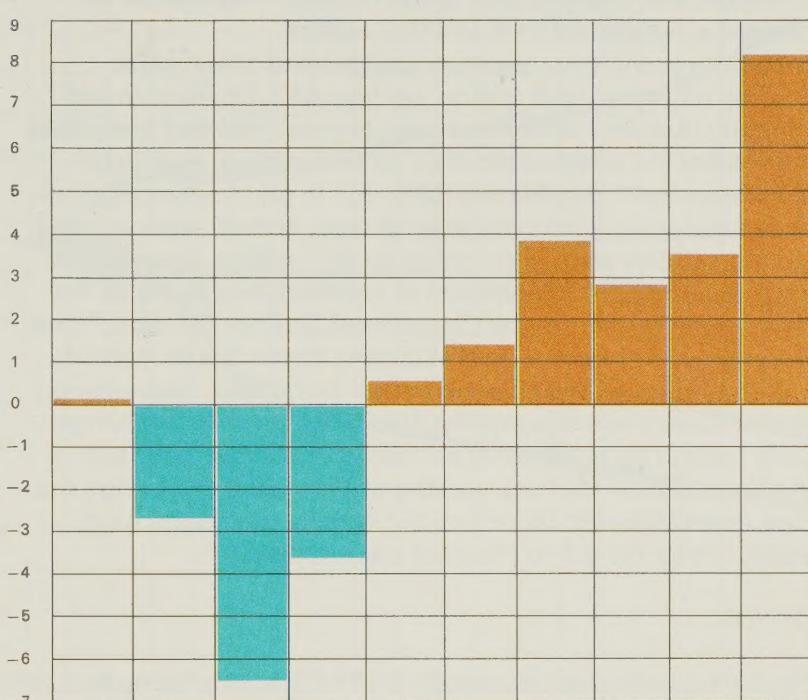
Expenses

Operating expenses totalled \$359,610,000, an increase of 9%, largely attributable to higher wage levels and the rising prices of materials and services that confronted the Company and the industry generally. This expense growth compared with the 23% increase in airline capacity (available ton miles) and the 13% rise in traffic (revenue ton miles). Operating costs per unit of capacity and per unit of traffic both declined, reflecting the efficiencies of the new longbodied DC8 and DC9 jets.

Net Income or Deficit and Return on Investment
1959-1968

NET INCOME DEFICIT RETURN ON INVESTMENT

MILLIONS \$



The average number of employees in 1968 increased only 6%. But with higher average wage levels, total salaries and wages rose 13% and accounted for 56% of the increase in operating expenses.

Airport user charges paid to the Federal Government increased a substantial 24% to \$11.7 million.

The Company's tax expense, exclusive of corporation income tax, was \$15.6 million, up from \$13.7 million in 1967. Property, fuel and sales taxes paid to provincial and municipal authorities in Canada amounted to \$7.1 million. Fuel taxes alone rose by \$1.9 million or 66%, due in part to increases imposed by some provincial governments. Federal sales tax and customs duties were approximately \$6.1 million. In addition, expenses included \$2.3 million of contributions to social welfare programs such as the Canada and Quebec Pension Plans, Unemployment Insurance and United States Social Security.

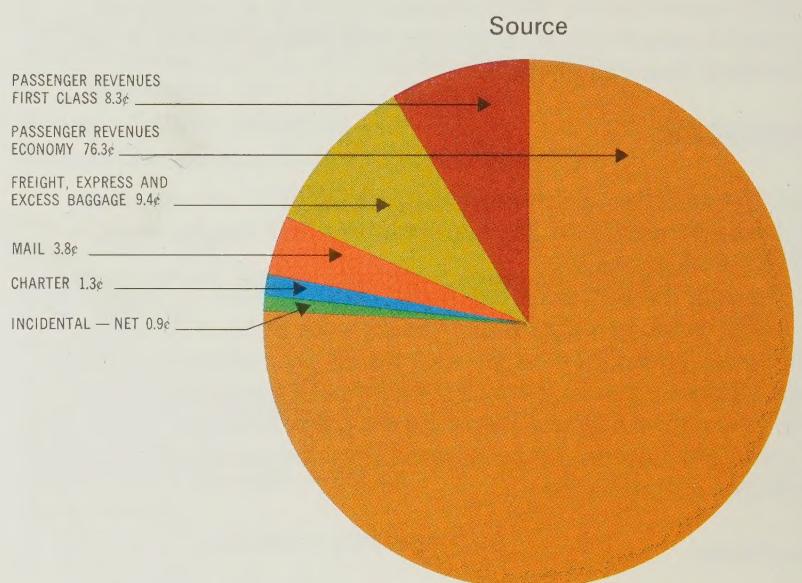
Although new aircraft were added to the fleet, depreciation and obsolescence expense for 1968 was virtually unchanged from 1967. This is primarily accounted for by an extension of the depreciation life for a number of Viscounts and Vanguards that are expected to be retained in service for several more years. (Refer Note 1 to financial statements).

Capital

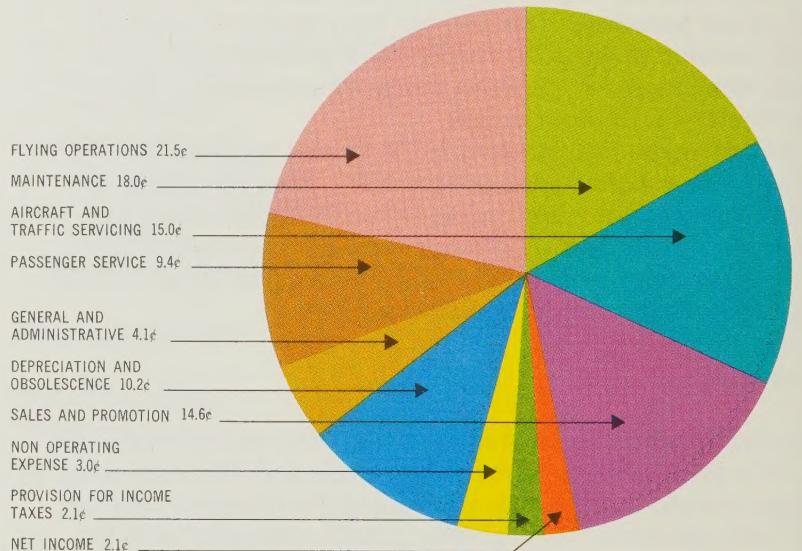
Capital expenditures amounted to \$149.3 million compared with \$129.4 million in the previous year. The bulk of this sum was related to aircraft either delivered in 1968 or on order for future years up to 1971. These expenditures were financed by funds generated internally, together with additional borrowing of \$90 million, of which \$75 million were obtained from the Canadian National Railways and the remainder directly from the Canadian Government.

A long standing relationship with the Caribbean was strengthened in August when the Company joined with the Government of Jamaica to form Air Jamaica (1968) Ltd. Air Canada is to be sole subscriber to \$8,000,000 of preferred shares and 40% of an ordinary stock issue of \$1,000,000. (Refer Note 5 to financial statements). Initial managerial and technical assistance will also be provided to the new airline.

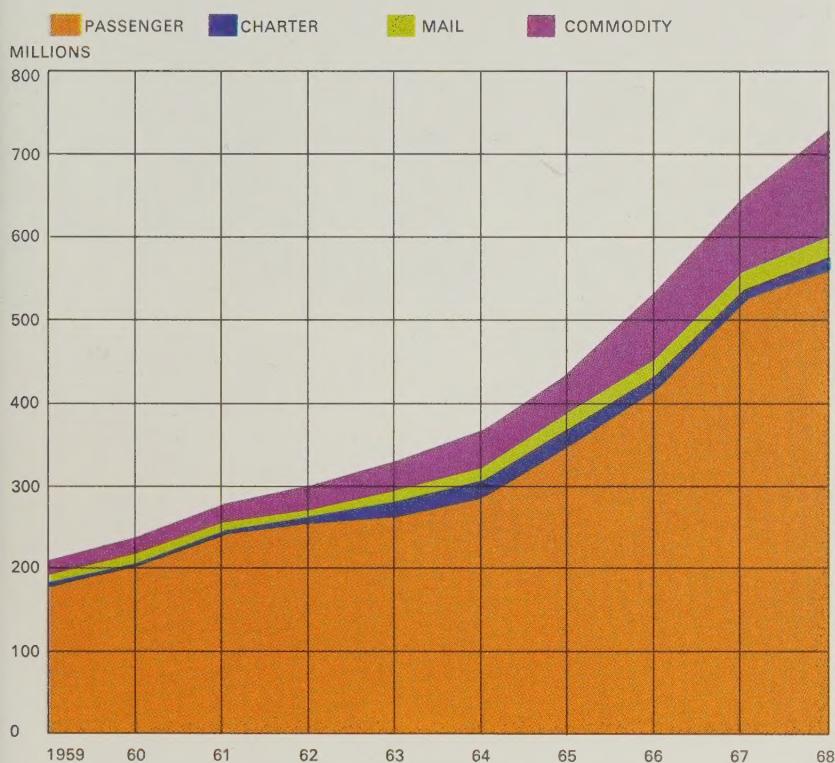
Revenue Dollar 1968



Distribution

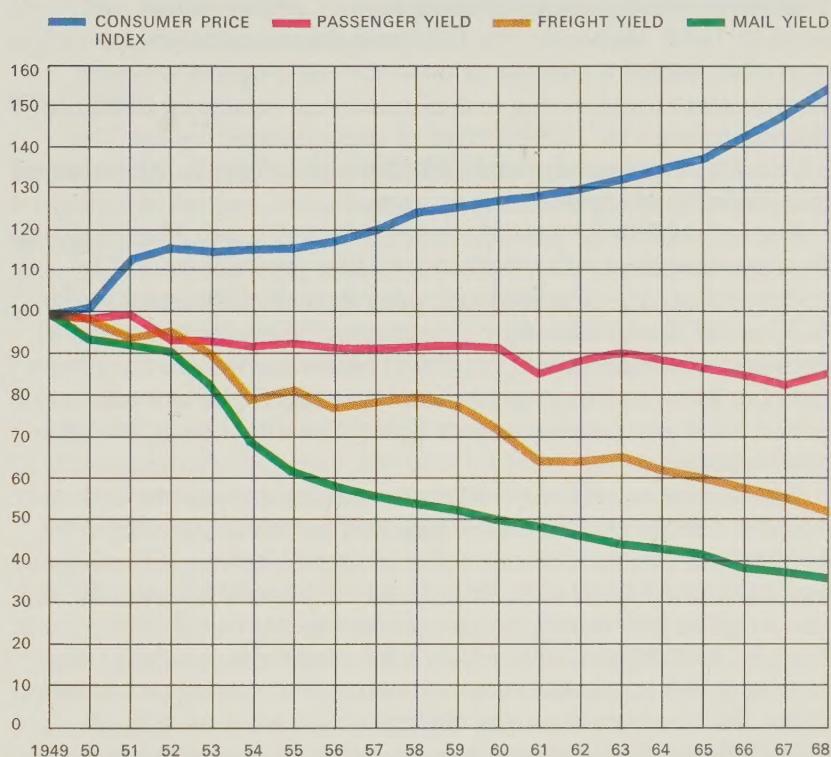


Revenue Ton Miles
1959-1968

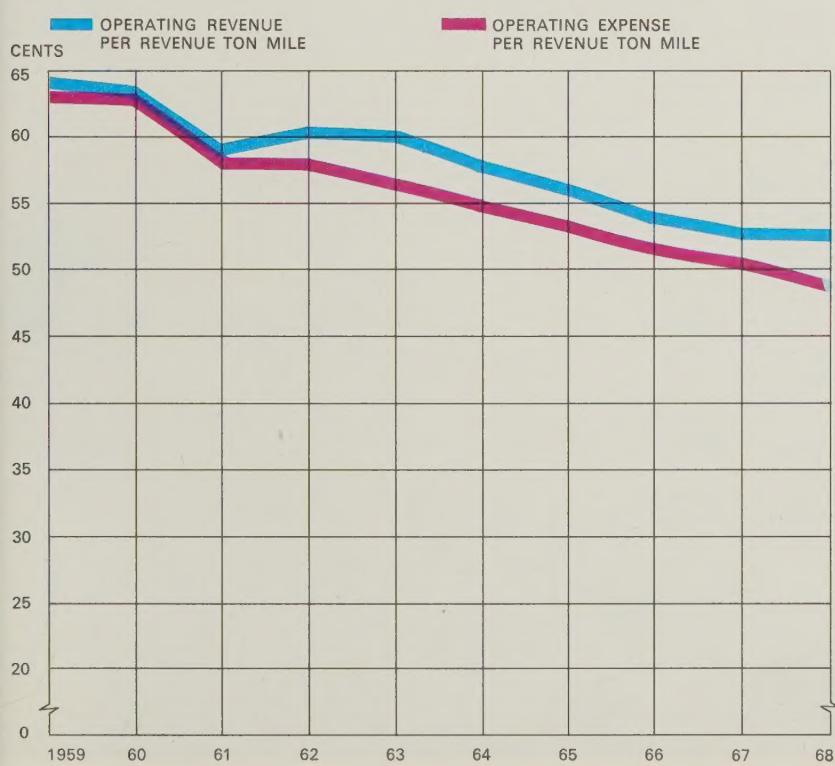


Index of Air Canada Average Yields vs Consumer Price Index

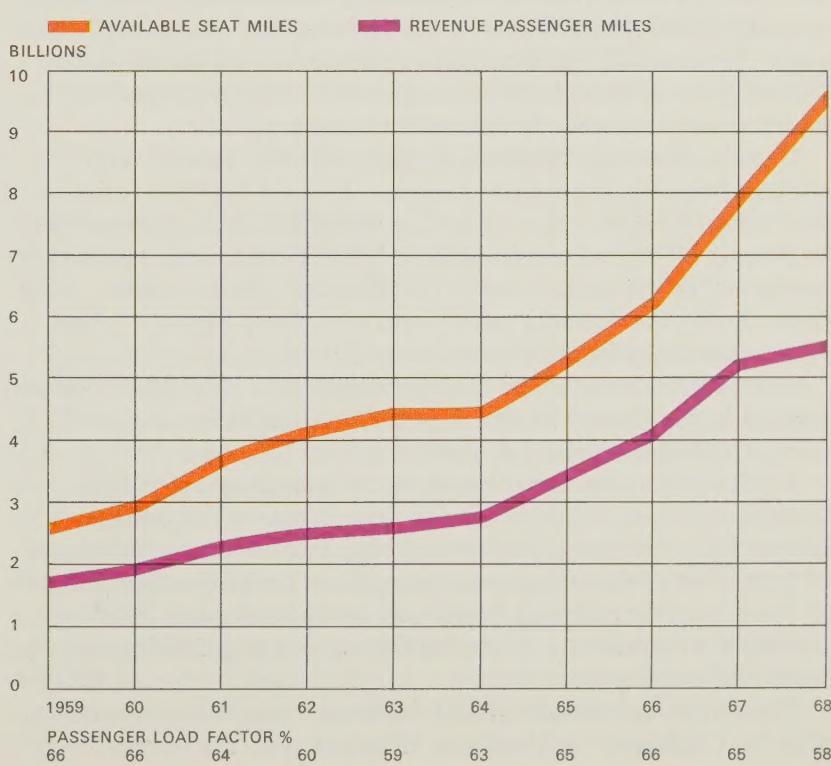
1949-1968
1949 = 100



Operating Revenue and Expense per Revenue Ton Mile
1959 - 1968



Available Seat Miles, Revenue Passenger Miles and Passenger Load Factor (Scheduled Services) 1959-1968



ROUTES AND SERVICES

There was no substantial change to Air Canada's route network in 1968. However, the Company increased flight frequencies, added a number of new non-stop operations and continued to improve the overall quality of service to the 61 destinations on its 78,820 miles of unduplicated routes. The introduction of the longbodied DC8s and DC9s also contributed to a capacity increase on some routes.

A total of 15 daily transcontinental flights were offered during the summer period, one more than in the previous year. The additional service operated non-stop between Montreal and Calgary before continuing to Vancouver. Similarly, the transcontinental winter schedule, which became effective on October 27, was expanded by another daily flight to a total of twelve, this new service operating between Montreal, Toronto and Vancouver.

Operations increased on the two important routes to Los Angeles and Miami that were acquired in 1967 following negotiation of a new bilateral air agreement between Canada and the United States. A second daily flight was introduced to Los Angeles and during the winter season Montreal and Toronto had two and three daily non-stop flights respectively to Miami. All-jet service was offered on the Toronto-New York route, with as many as eight flights being operated daily. A third daily DC9 non-stop flight was added between Montreal and Chicago.

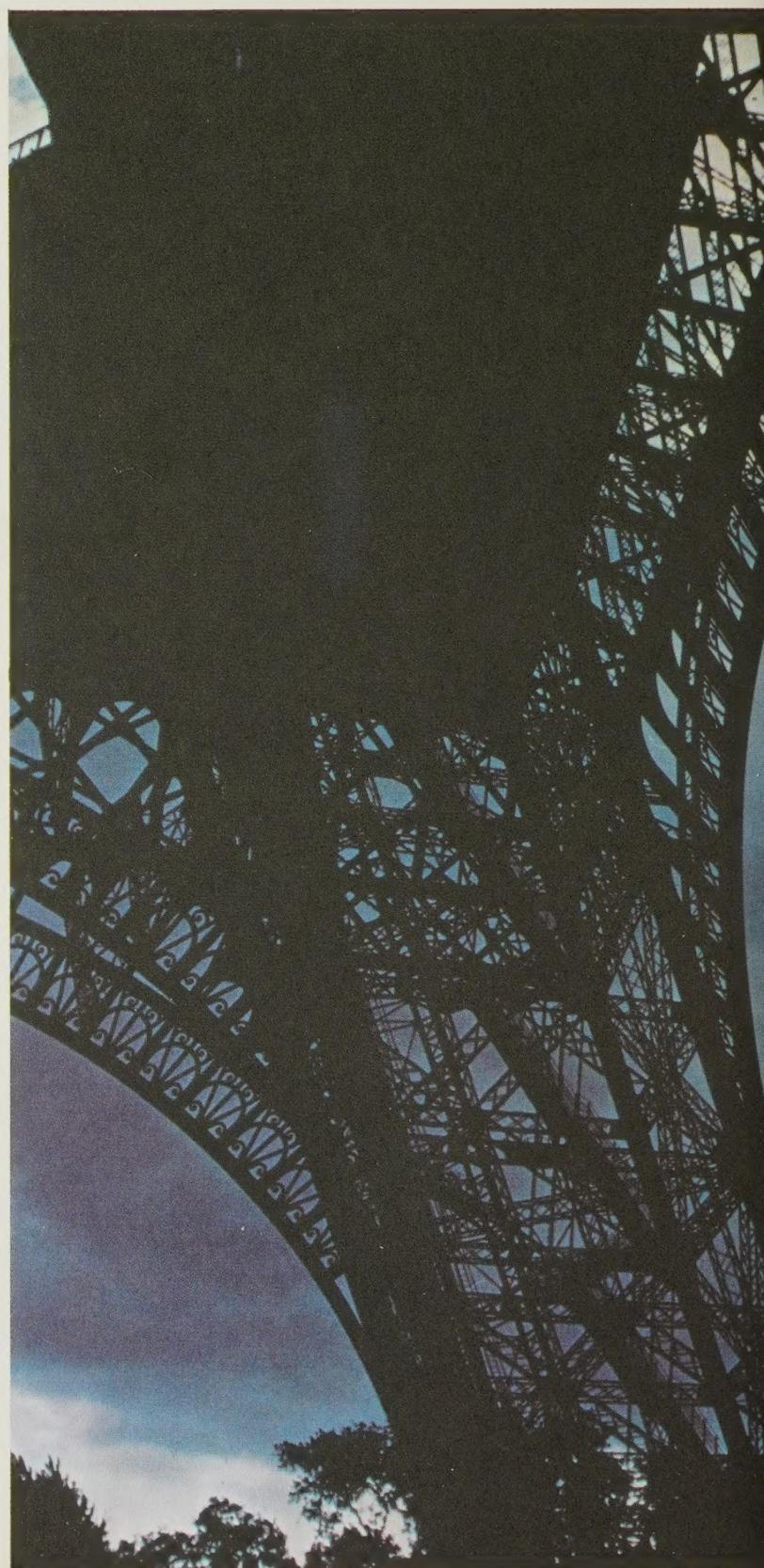
A new service five days a week between Montreal, Val d'Or and Rouyn complemented the existing schedule to those communities via Ottawa; DC9 non-stop operations began between Toronto and the Lakehead and a fourth daily DC9 flight was provided to the Atlantic Provinces, supplementing services already operated to these points.

There was a major increase in trans-Atlantic service with the airline operating, during the summer, 37 DC8 flights a week to the United Kingdom and 17 to Continental Europe, compared to 30 and 15 flights respectively in 1967. A non-stop service between Toronto and Frankfurt was scheduled on a daily basis during the summer period and two direct flights a week were initiated between Montreal and Zurich.

In the winter season the Company offered a total of 27 flights a week to the United Kingdom and Continental Europe, compared to 24 in the previous year.

Air Canada's popular Western Arrow schedule, which provides direct trans-Atlantic service from Western Canadian cities, totalled 11 weekly flights during the summer, an increase of four. Two of these were extended from the United Kingdom to Frankfurt and one was continued to Copenhagen, comprising the first direct services to Germany and Scandinavia from Western Canada.

There was an increase of 24% in the number of seats available for Caribbean destinations. Effective with the winter





schedule, the airline operated from Toronto and Montreal a total of nine flights a week to the Bahamas, nine to Jamaica and 13 to Barbados, six of the latter also serving Antigua and eight continuing to Trinidad.

TRAFFIC

In general, passenger traffic in 1968 was adversely affected by a number of factors, including a general slowdown of business travel, social unrest in various areas of the world, a decline in immigration to Canada, and United States Government pressure to curb foreign travel by its citizens.

In spite of these circumstances, Air Canada flew 5,756 million passenger miles on scheduled and charter flights, an increase of 8%. While this rate of growth was below the experience of past years, the comparison with 1967 may be misleading because of the exceptionally heavy demand for travel during Centennial Year and particularly the attraction of Expo 67.

International services were responsible for most of the passenger traffic growth. North American passenger traffic increased only 2% over 1967, while Atlantic traffic advanced by 13%. Most of this latter improvement occurred in the first seven months of the year as demand slackened on the Atlantic in the late summer and autumn. Only on southern services, including those to Bermuda and Florida, was there consistently strong growth throughout the year. Here traffic rose by 43%, a positive response to the 46% increase in capacity.

Youth stand-by fares were introduced on North American routes in April and, later in the year, similar fares were made available on domestic services to senior citizens, providing a 50% discount for travel on a space-available basis.

There was a healthy increase in commodity traffic as follows :

	Ton Miles	Percentage Increase
Freight	123,000,000	44%
Express	8,000,000	16%
Mail	23,000,000	8%

To meet this growth Air Canada used two DC8 aircraft exclusively for all-freighter Jet Trader service and added a third DC8 to the cargo fleet in October. By that time, six cargo flights a week were operated on the North Atlantic and eight between Montreal and Vancouver. A Vanguard was also available for all-freight service.

In addition to the Jet Traders, all passenger aircraft in the fleet offered capacity for cargo shipments. A regular DC8 can carry 8,000 pounds of cargo plus a full complement of passengers and baggage; a longbodied DC8 can accommodate 15,000 pounds. Cargo traffic on scheduled passenger flights accounted for 64% of total commodity volume during the year.



New cargo terminals were opened or virtually completed at Chicago, Winnipeg and London, England and the capacity of the Toronto freight facility was doubled.

Commercial pool agreements between Air Canada and British Overseas Airways Corporation, Irish International Airlines and Aeroflot, the Soviet carrier, continued on trans-Atlantic routes.

Following thorough planning for its future requirements, Air Canada announced in May a decision to embark upon an advanced reservations installation, using third generation computers, for implementation in 1971. Contracts amounting to approximately \$22 million were awarded to Univac and the Raytheon Corporation for development and installation, the largest Canadian business order for computer equipment ever placed. The new system, to be called ReserVec II, will perform a number of functions apart from passenger reservations, including the provision of such diversified information as fare quotations, immigration and customs regulations and scheduling and flight planning data. One of the advantages of the equipment chosen is that it can be adapted in the future to handle automatic and self-ticketing functions and self check-in procedures at airports.

THE FLEET

Air Canada took delivery of 25 aircraft in 1968, increasing the number of jets to 58 and the total fleet to 109. The additions consisted of three 133-passenger DC8s, three 196-passenger DC8s and 19 DC9s carrying 94 passengers each. Delays in deliveries of new aircraft, which had caused problems during 1967, were overcome, permitting the airline to offer additional seats to all major destinations. Jet aircraft accounted for 75% of total seat miles provided, compared with 63% in the previous year.

The retirement of the turbo-prop Vanguards and Viscounts had begun by year-end, with five of the former and six of the latter being removed from service. More will be withdrawn in the months to come and offered for sale. The composition of the Company's fleet at the close of 1968 was:

Number	Aircraft	Passenger Capacity	
		Type	
14	DC8		133
3	DC8		139
7	DC8		196
3	DC8	Freighter	
31	DC9		94
17	Vanguard		108
1	Vanguard	Freighter	
33	Viscount		48



Important provisions were made for future equipment. Early in 1968 the Company placed an order for three Boeing 747s for delivery in 1971. These aircraft will carry 369 passengers at 600 miles per hour. Later in the year, a letter of intent was signed for 10 Lockheed L-1011 TriStars, capable of carrying 270 passengers at 565 miles per hour. The Company hopes to put the first six of these aircraft in service in 1972.

In December, Air Canada proceeded with implementation of the decision to consolidate all of its future aircraft overhaul activity in Montreal. Negotiations began with private companies interested in assuming ownership of the Winnipeg overhaul base and who would ensure continuance of a major aircraft maintenance and overhaul facility in that city. Although the airline's overhaul activities will be transferred, Winnipeg will remain an important element of the Air Canada system. It will continue as a line maintenance base and home of the Company's accounting department.

PERSONNEL

At December 31, 1968, employees numbered 16,656, as compared with 16,225 at the close of the previous year.

Four collective agreements were concluded with the Canadian Air Line Pilots Association, the Canadian Air Line Employees Association, the Canadian Air Line Navigators Association and in the United States with the International Association of Machinists and Aerospace Workers. All of these settlements were reached without major disruption to the airline's operations.

Company training programs were expanded. A new \$4 million flight training centre was opened at Toronto International Airport in December, comprising three aircraft simulators, a procedures trainer, classroom facilities and other teaching aids. Air Canada's 1,200 pilots are expected to undergo 10,000 hours of training in the centre during 1969.

Instruction was given to 350 new stewardesses and 65 pursers. Courses were provided for 200 new passenger agents at Company facilities in Montreal. Seminars were attended by 140 ground hostesses and an additional 100 agents and hostesses received on-the-job instruction.

Aircraft maintenance personnel in 19 skilled trades received 143,000 man hours of technical training and a further 52,000 man hours were recorded in the air freight, ramp service and load and cargo training sections.

Large numbers of supervisory personnel were enrolled in leadership and management courses.

INDUSTRY CO-OPERATION

Representatives of Air Canada participated jointly in many important assignments with other domestic carriers through the Air Transport Association of Canada and with other major world airlines through the Air Transport Association of America and

Revenue Passengers Carried (Scheduled Services)
1967 - 1968



the International Air Transport Association. These projects had objectives of liberalizing free baggage allowance on international air routes; development of a travel agents' standard ticket and bank settlement plan; and advances in electronic fare calculation and ticket issuance devices to speed ticketing procedures.

At an IATA Traffic Conference in Cannes, France, in September, negotiations were undertaken on international passenger fares on a world-wide basis. Agreement was reached on tariffs for international travel in the Western Hemisphere. Final negotiations on fares in most other parts of the world were delayed until early 1969.





FUTURE

As the Company enters its 33rd year, Canadians can take pride in the fact that their airline has become one of the largest and most respected in the world. The future is filled with promise and there is every reason to expect that the rapid growth of the air transportation industry during the past decade will continue and even accelerate. Air Canada will, by sharing in that progress, make a major contribution to the economic and social strength of the nation.

Future growth will, however, require large capital resources and it is expected that during the next five years, over \$300 million of external funds will be needed by Air Canada for the purchase of new equipment and property. For the next decade, the Company has ordered or has reserved production line positions for aircraft in excess of \$800 million. Provision has been made for more of the conventional DC8 and DC9 jets and also for the revolutionary new aircraft that will dominate air transportation in the years ahead. These latter will consist of the Boeing 747, the Lockheed L-1011 TriStar and the supersonic Concorde and Boeing 2707-300.

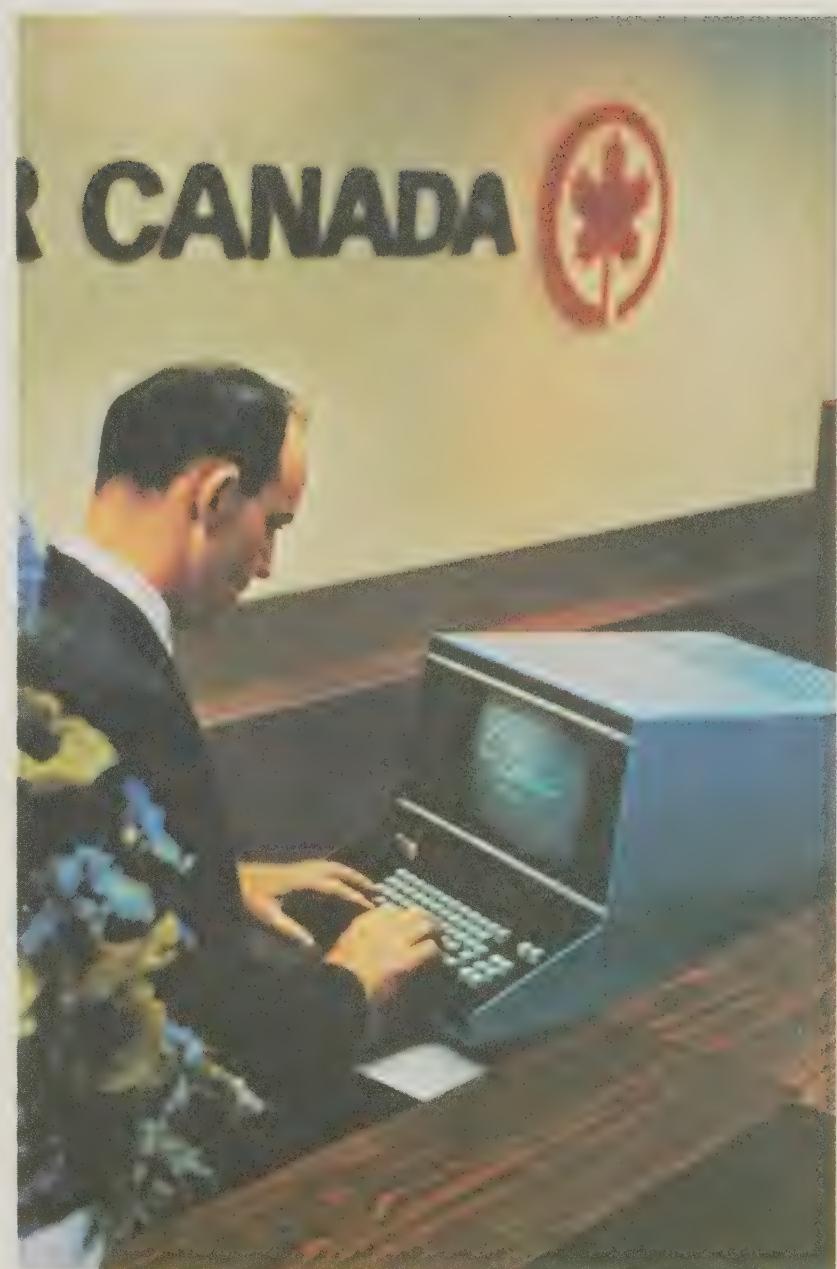
Immediate developments in 1969 will include the addition of six long-bodied DC8s and two DC9s to the fleet. A new international service to Brussels will commence in April. Many improvements in flight frequencies and in scheduling convenience will be made on existing routes.

The rapidly changing technology of air transportation has major economic implications. The large new multi-million dollar jet aircraft require much greater emphasis upon longhaul operations if profitability is to be achieved. Air Canada will grow and prosper as it takes advantage of developing air transportation markets, both domestic and international. In particular, the Company will endeavour to develop additional winter destinations in southern latitudes to compensate for the serious seasonal traffic imbalance that is more pronounced for a carrier based in the Northern Hemisphere.

Questions of competition and of domestic regional air services are also directly relevant to Air Canada's future planning. The Company welcomes the indication of the Federal Government that it is prepared to review these matters in the light of changing conditions.

Air Canada's chief concern is the public interest and the building, within the framework of national policy, of an efficient and profitable air transportation system that will best serve the needs of Canada, both at home and abroad.

The airline is actively engaged in research and development projects. Automated baggage handling systems, computerized ticketing, faster check-in and boarding procedures and extended reservations systems are all being developed to cope with the volumes of traffic the airline will serve in the years ahead. To meet future equipment requirements, automated



maintenance and records and inventory control systems are also being planned.

Because of its dynamic nature, the air transportation industry offers great potential to people of imagination and determination. Air Canada employees served the airline well in 1968 and their collective skills and dedication will be its greatest asset in the future.

This report cannot be closed without paying tribute to Mr. G. R. McGregor who, after 20 years of leadership, retired as President of Air Canada in May of 1968. In announcing his retirement, the Board of Directors expressed their deep appreciation of the contribution that he had made to Air Canada's development as one of the leading airlines of the world.

The Board of Directors also wish to thank Mr. N. J. MacMillan, Q.C., for his valued work when, following Mr. McGregor's retirement, he served as Acting President of the Company.

Yves Pratte

Yves Pratte
Chairman of the Board







Assets	1968	1967
CURRENT		
Cash	\$ 11,056	\$ 15,088
Notes and accounts receivable	46,971	38,397
Materials and supplies — at cost		
less accumulated obsolescence		
(1968 - \$16,610; 1967 - \$15,016)	21,513	17,406
Prepaid expenses	1,850	961
	<hr/>	<hr/>
	81,390	71,852
REFUNDABLE FEDERAL CORPORATION TAX	1,663	2,246
NOTES RECEIVABLE	12,056	—
INSURANCE FUND — at quoted market value.	6,463	6,249
PROPERTY & EQUIPMENT — at cost		
Flight equipment and spare parts	494,954	375,881
Ground equipment and facilities.	90,510	74,998
	<hr/>	<hr/>
Less accumulated depreciation	585,464	450,879
	<hr/>	<hr/>
Progress payments	230,142	198,743
	<hr/>	<hr/>
	355,322	252,136
	45,999	54,968
	<hr/>	<hr/>
	401,321	307,104
	<hr/>	<hr/>
LONG TERM PREPAYMENTS	5,498	—
	<hr/>	<hr/>
	\$508,391	\$387,451
	<hr/>	<hr/>

Liabilities	1968	1967
CURRENT		
Accounts payable	\$ 25,715	\$ 16,791
Traffic balances payable to other airlines	14,990	12,638
Air travel plan deposits	1,893	1,874
Salaries and wages	12,908	10,256
Unearned transportation revenue	9,541	9,284
Interest and dividend payable.	4,807	4,449
	<hr/>	<hr/>
	69,854	55,292
NOTES AND DEBENTURES.	392,820	302,820
DEFERRED INCOME TAXES	14,640	6,460
INSURANCE RESERVE.	6,463	6,249
Shareholders' Equity		
SHARE CAPITAL		
Authorized 250,000 shares par value \$100 each		
Issued and fully paid, 50,000 shares	5,000	5,000
RETAINED EARNINGS.	19,614	11,630
	<hr/>	<hr/>
	24,614	16,630
	<hr/>	<hr/>
	\$508,391	\$387,451
	<hr/>	<hr/>

Statement of Income and Retained Earnings

(figures shown in thousands)



	1968	1967
OPERATING REVENUES		
Passenger	\$328,137	\$295,553
Freight and express	34,773	26,007
Mail	14,633	14,223
Excess baggage	1,448	1,333
Charter	5,118	4,173
Incidental services — net	3,519	4,322
	<hr/> 387,628	<hr/> 345,611
OPERATING EXPENSES		
Flying operations	83,524	72,626
Maintenance	69,829	66,931
Passenger service	36,268	31,919
Aircraft and traffic servicing	57,961	50,982
Sales and promotion	56,515	53,404
General and administrative	15,844	14,164
Depreciation and obsolescence	39,669	39,705
	<hr/> 359,610	<hr/> 329,731
OPERATING INCOME	28,018	15,880
NON-OPERATING EXPENSE		
Interest on debt	18,247	13,857
Non-operating income — net	(6,593)	(5,074)
	<hr/> 11,654	<hr/> 8,783
	<hr/> 16,364	<hr/> 7,097
PROVISION FOR INCOME TAXES	8,180	3,550
NET INCOME	<hr/> 8,184	<hr/> 3,547
RETAINED EARNINGS		
Balance at beginning of year	11,630	8,283
Dividend at \$4.00 per share	(200)	(200)
Balance at end of year	<hr/> \$ 19,614	<hr/> \$ 11,630

Statement of Source and Application of Funds

(figures shown in thousands)

	1968	1967
SOURCE OF FUNDS		
Net income.	\$ 8,184	\$ 3,547
Add: Depreciation	38,086	35,684
Deferred income taxes	8,180	3,550
	<hr/> 54,450	<hr/> 42,781
Insurance claim settlement.	—	9,425
Sales of property & equipment — net.	4,985	44
Capital borrowings.	90,000	67,000
Refundable federal corporation tax.	583	(677)
	<hr/> 150,018	<hr/> 118,573
APPLICATION OF FUNDS		
Purchase of property & equipment		
including progress payments	149,344	129,428
Long term prepayments	5,498	—
Dividend.	200	200
	<hr/> 155,042	<hr/> 129,628
Decrease in working capital	<hr/> \$ 5,024	<hr/> \$ 11,055



1. Depreciation and Obsolescence

In evaluating the future utilization and marketability of its turbo-prop fleet, the Corporation revised its estimate of the useful life of Vanguard aircraft, and the residuals of its Viscount fleet effective January 1, 1968.

Depreciation lives of 13 of the Vanguard aircraft, formerly planned to attain residual value at December 31, 1968, have been extended to coincide with their respective proposed revised service dates running through 1971.

Viscount aircraft are to be fully depreciated thereby eliminating their residual value and will be written off by 1971.

As a result of these decisions depreciation expense in 1968 was reduced by \$5,350,000 thereby producing an improvement in net income after tax of \$2,675,000.

2. Notes Receivable

Proceeds from the sale during 1968 of six DC9 Model 14 aircraft were in the form of promissory notes to be settled over the period 1968 — 1971. The \$12,056,000 evident in the Balance Sheet represents the amounts due in the years beyond 1969.

3. Deferred Income Taxes

Before the adoption of deferred tax accounting in 1966, certain provisions had been charged against reported income which were not allowable as deductions from taxable income. When the Corporation becomes entitled to claim these charges as allowable deductions, retained earnings will increase by approximately \$6 million.

4. Commitments

Commitments for the acquisition of 21 jet aircraft and spare engines at December 31, 1968, after deducting progress payments to date, amounted to approximately \$233.1 million. Anticipated delivery of the aircraft is as follows :

	1969	1970	1971
Douglas DC-8-63	6	7	—
Douglas DC-9-32	2	3	—
Boeing 747	—	—	3

Expansion of ground facilities comprising a second generation reservation system; cargo facilities at Winnipeg, London, England and Toronto; and advance rental payments relating to premises to be sublet from BOAC at Kennedy International Airport, New York, collectively will require a further \$38.2 million.

In addition, the Corporation has issued a Letter of Intent to purchase 10 Lockheed TriStar aircraft for delivery in the years 1972 through 1974 at an approximate cost of \$185 million, and has options to purchase a further nine aircraft for delivery in 1974 and 1975. The obligations assumed under this Letter of Intent are subject to approval of the Corporation's 1969 Capital Budget by the Government of Canada prior to March 1, 1969.

Annual rental payments for accommodation facilities under long term leases in effect at December 31, 1968, approximate \$5.2 million.

Queue positions have been protected for Concorde and Boeing supersonic transports. The Corporation has no firm contracts for these aircraft and neither total cost nor delivery dates can be determined at this time.

5. Contingent Liabilities

Contingent liabilities exist in respect of Pay Later Plan notes discounted at banks totalling \$3.3 million and for aircraft commitments assumed by Air Jamaica (1968) Limited due to be discharged in January and February, 1969 aggregating \$7.1 million.

In respect of the latter, the Corporation entered into an agreement to assist in the financing and operation of Air Jamaica (1968) Limited. Financial matters covered by the agreement were :

- a. Common stock equivalent to \$1 million Canadian to be purchased 60% by the Government of Jamaica and 40% by Air Canada.
- b. Redeemable preferred stock equivalent to a maximum of \$8 million Canadian to be purchased by Air Canada to the extent required for the acquisition of equipment. The Government of Jamaica will purchase this stock from Air Canada over a period of ten years at a premium equivalent to 7 1/4% per annum.

Auditors' Report

TO THE HONOURABLE THE MINISTER OF TRANSPORT,
OTTAWA

We have examined the balance sheet of Air Canada as at December 31, 1968, and the statements of income and retained earnings and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Corporation, these financial statements are properly drawn up so as to give a true and fair view of the state of affairs of the Corporation at December 31, 1968, and the results of its operations and the source and application of its funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Corporation and the transactions that have come under our notice have been within the powers of the Corporation.

Touche, Ross, Bailey & Smart

Chartered Accountants

26 February, 1969

Glossary of Terms

Available Seat Miles	Total seats available for revenue passengers, multiplied by the number of miles those seats are flown. A measure of passenger capacity.
Available Ton Miles	Number of tons available for the carriage of passengers, cargo and mail, multiplied by the number of miles this capacity is flown. A measure of overall capacity.
Revenue Passenger Miles	Total revenue passengers carried multiplied by the number of miles they are flown. A measure of passenger traffic.
Mail Ton Miles	Tons of the applicable commodity multiplied by the miles it is flown. Measures of commodity traffic.
Freight Ton Miles	
Express Ton Miles	
Revenue Ton Miles.	Total tons of all revenue traffic carried multiplied by the miles it is flown. An overall measure of traffic.
Passenger Load Factor	(%) the ratio : $\frac{\text{Revenue Passenger Miles}}{\text{Available Seat Miles}} \times 100$
Yield	Average revenue per revenue passenger mile or revenue ton mile.
Operating Ratio	Operating profit as a percent of operating revenues.
Return on Investment.	Net income after income tax plus net interest expense expressed as percentage of average investment. Investment is the sum of long term debt and shareholders' equity.

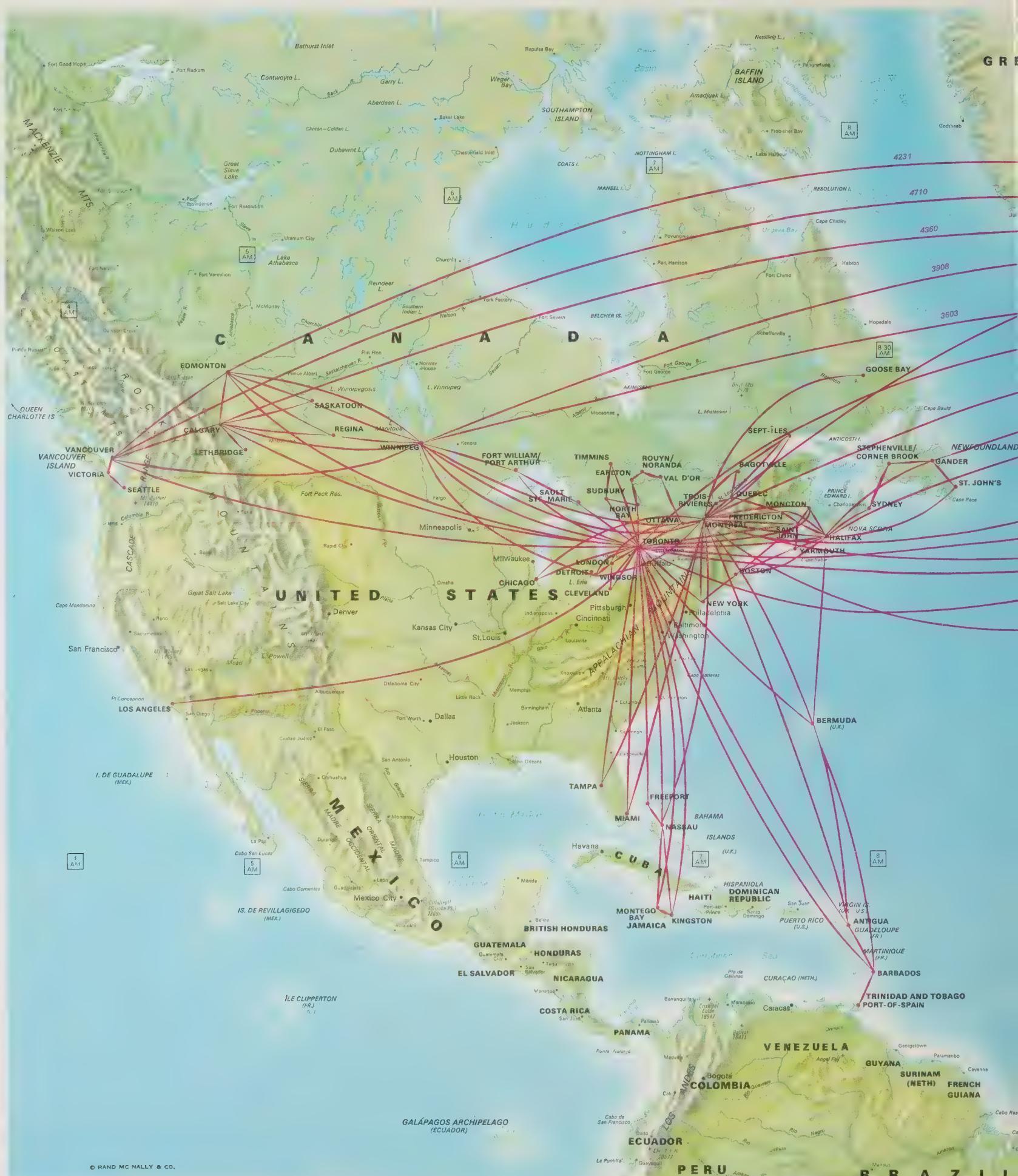


	1968	1967	1966
FINANCIAL (\$000)			
Passenger Revenue	328,137	295,553	243,877
Operating Revenues	387,628	345,611	289,943
Operating Expenses	359,610	329,731	275,990
Operating Profit	28,018	15,880	13,953
Net Income.	8,184	3,547	2,910
Dividends	200	200	200
Interest	18,247	13,857	11,580
Shareholders' Equity	24,614	16,630	13,283
Long Term Debt.	392,820	302,820	235,820
Total Assets	508,391	387,451	306,468
Working Capital.	11,536	16,560	27,616
Operating Ratio	7.2%	4.6%	4.8%
Return on Investment.	6.3%	5.2%	5.4%
STATISTICAL			
Revenue Passengers Carried (000)	6,469	6,393	5,294
Revenue Passenger Miles* (000)	5,616,011	5,221,358	4,193,212
Available Seat Miles* (000)	9,716,545	8,054,458	6,387,251
Passenger Load Factor*.	58%	65%	66%
Yield per Revenue Passenger Mile*	5.84¢	5.66¢	5.82¢
Freight Ton Miles* (000)	122,916	85,653	74,588
Total Revenue Ton Miles (000)	732,456	649,870	534,522
Available Ton Miles (000)	1,503,770	1,227,164	1,009,394
Operating Cost per Available Ton Mile	23.91¢	26.87¢	27.34¢
Average Aircraft Stage Length (miles)	489	447	422
Average Aircraft Capacity (tons)	15.30	14.13	14.59
Average Aircraft Utilization per Day (Revenue Block Hours)**	7:55	8:38	7:59
Available Ton Miles per Employee.	89,558	77,556	73,582
Available Ton Miles per Revenue Block Hour**.	4,987	4,333	4,420
Employees at Year End	16,656	16,225	14,351

*Scheduled services only.

**Engines on to Engines off.

1965	1964	1963	1962	1961	1960	1959
209,926	177,092	167,653	158,792	143,301	127,596	114,339
250,126	213,910	199,390	183,473	165,436	148,987	134,679
237,401	203,527	188,121	176,078	163,292	147,934	132,265
12,725	10,383	11,269	7,395	2,144	1,053	2,414
3,990	1,406	528	(3,541)	(6,450)	(2,607)	153
200	150	—	—	—	—	—
11,298	11,491	11,619	11,519	10,511	8,097	3,731
10,573	6,783	5,528	5,000	5,000	5,000	11,842
235,820	235,820	237,471	237,471	227,671	209,100	135,100
287,928	275,361	269,342	274,311	276,728	248,607	175,413
51,139	31,272	27,079	22,620	11,428	16,484	10,459
5.1%	4.9%	5.7%	4.0%	1.3%	0.7%	1.8%
6.1%	5.2%	4.8%	3.1%	1.5%	1.8%	2.7%
 4,753	 4,189	 3,967	 3,865	 3,712	 3,440	 3,209
3,542,867	2,923,842	2,701,899	2,629,285	2,464,666	2,040,877	1,812,567
5,458,263	4,642,431	4,586,419	4,379,236	3,848,899	3,095,284	2,729,275
65%	63%	59%	60%	64%	66%	66%
5.93¢	6.06¢	6.21¢	6.04¢	5.81¢	6.25¢	6.31¢
56,100	41,197	32,020	26,305	20,990	17,902	14,965
444,139	368,305	331,114	301,506	278,455	233,401	208,208
868,104	714,866	668,394	593,411	521,625	402,892	356,732
27.35¢	28.47¢	28.15¢	29.67¢	31.30¢	36.72¢	37.08¢
398	384	373	357	348	337	342
14.60	13.58	13.04	11.61	10.08	7.01	6.40
7:06	6:28	6:24	6:17	6:42	7:44	7:53
70,848	61,441	57,685	49,837	44,557	36,063	34,440
4,308	3,962	3,744	3,178	2,585	1,549	1,362
12,709	11,670	11,330	11,719	11,568	11,284	10,452



Routes d'AIR CANADA



1965	1964	1963	1962	1961	1960	1959
209,926	177,092	167,653	158,792	143,301	127,596	114,339
250,126	213,910	199,390	183,473	165,436	148,987	134,679
237,401	203,527	188,121	176,078	163,292	147,934	132,265
12,725	10,383	11,269	7,395	2,144	2,144	2,144
3,990	1,406	528	(3,541)	(6,450)	(2,607)	153
200	150	—	—	—	—	—
11,298	11,491	11,619	11,519	10,511	8,097	3,731
10,573	6,783	5,528	5,000	5,000	11,842	11,842
235,820	235,820	237,471	237,471	227,671	209,100	135,100
287,928	275,361	269,342	274,311	276,728	248,607	175,413
51,139	31,272	27,079	22,620	11,428	16,484	10,459
444,139	41,197	32,020	26,305	20,990	17,902	14,965
56,100	368,305	331,114	301,506	278,455	233,401	208,208
868,104	714,866	668,394	593,411	521,625	402,892	356,732
27,355	28,475	28,155	29,675	31,305	36,725	37,085
398	384	373	357	348	337	342
14,60	13,58	13,04	11,61	10,08	7,01	6,40
7:06	6:28	6:24	6:17	6:42	7:44	7:53
4,308	61,441	57,685	49,837	44,557	36,063	34,440
12,709	11,670	11,330	11,719	11,568	11,284	10,452

STATISTICS

Sièges-milles disponibles	Mesure utilisée pour le service-passagers et exprimant le nombre total des sièges-milles disponibles pour le transport des passagers, des marchandises et du courrier, multiple par le nombre de millés parcourus.
Tonnes-milles disponibles	Mesure de capacité totale exprimant le tonnage disponible payants, multiple par le nombre total des sièges-milles disponibles et exprimant le nombre de millés parcourus.
Tonnes-milles de courrier	Mesure de trafic-marchandises exprimant le nombre de tonnes-milles de courrier, multiple par le nombre de millés parcourus.
Tonnes-milles de marchandises	Mesure de trafic-marchandises exprimant le nombre de tonnes-milles de marchandises respectif, multiple par le nombre de millés parcourus.
Tonnes-milles de messageries	Mesure de trafic-passagers exprimant le nombre de tonnes-milles de messageries respectif, multiple par le nombre de millés parcourus.
Tonnes-milles transportées	Mesure de trafic total exprimant le nombre de tonnes de tout le trafic, multiple par le nombre de millés parcourus.
Coéfficient d'utilisation en passagers	Rapport en % : $\frac{\text{Sièges-milles occupés}}{\text{Sièges-milles disponibles}} \times 100$
Rendement	Revenu moyen par passager-mille payant ou tonne-mille transportée.
Rapport d'exploitation	Benefice d'exploitation exprimé en pourcentage du revenu.
Rapport de rentabilité	Benefice, une fois l'impôt déduit, plus la dépense nette moyenne. La mise de fonds est la somme de la dette à long terme et de l'avoir des actionnaires.

A L'HONORABLE MINISTRE DES TRANSPORTS,

Rapport des vérificateurs

Il existe un passif éventuel en ce qui a trait à l'escoumieu des billets, se totalisant par \$3.3 millions, émis conformément à la formule „Partez maintenant — payez plus tard“, et les engage- ments assumés par Air Jamaica (1968) Limited, pour une somme de \$7.1 millions, relativement à des achats d'avions et dont le règlement doit s'effectuer en janvier et février 1969. A l'égard de ces derniers engagements, la Société a concu une entente prévoyant son concours au financement et à l'ex- plotation de Air Jamaica (1968) Limited. Les dispositions financières de cette entente sont les suivantes :

a. Des actions ordinaires d'une valeur de \$1 million can. seront souscrites par le Gouvernement de la Jamaïque et par Air Canada, dans la proportion de 60% et 40% respectivement b. Des actions privilégiées rachetables d'une valeur maximum de \$8 millions can. seront souscrites par Air Canada dans la mesure où l'exigera l'achat de matériel. Le Gouvernement de la Jamaïque rachètera ces actions d'Air Canada sur une péri- ode de dix ans à un taux de prime équivalant à 7% par annee.

5. Passif éventuel

termes et il n'est pas possible d'obtenir d'en déterminer le prix total ni les dates de livraison.

Les engagements relatifs à l'acquisition de 21 avions à réaction	1969	1970	1971	—	—	3	Boeing 747
et de moteurs de rechange, après déduction des achats à	6	7	—	3	—	—	Douglas DC-8-63
jour, s'élèvait à environ \$233.1 millions au 31 décembre 1968	2	—	—	—	—	—	Douglas DC-9-32
Voici le tableau de livraison de ces appareils :	1969	1970	1971	—	—	—	—
Le système de installations au sol, y compris un système de	—	—	—	—	—	—	—
réserve à Winnipeg, Londres et Toronto, des aérograves de marchan-	—	—	—	—	—	—	—
ises à Atlanta, à New York, exigeant dans l'ensemble une	—	—	—	—	—	—	—
participation à BOAC pour des locaux à l'aéroport interna-	—	—	—	—	—	—	—
tionale Kennedy de New York, exigent dans l'ensemble une	—	—	—	—	—	—	—
some additionnelle de \$38.2 millions.	—	—	—	—	—	—	—
En outre, la Société a signé une lettre d'intention relative à	—	—	—	—	—	—	—
l'achat de 10 TriStar Lockheed qui doivent lui être livrés de	—	—	—	—	—	—	—
1972 à 1974 à un coût approchant de \$185 millions, et elle	—	—	—	—	—	—	—
s'est assuré une priorité quant à neuf autres avions dont la	—	—	—	—	—	—	—
livraison se ferait en 1974 et 1975. Les engagements contractés	—	—	—	—	—	—	—
en vertu de cette lettre d'intention sont subordonnés à l'accord	—	—	—	—	—	—	—
gouvernement du Canada avant le 1er mars 1969.	—	—	—	—	—	—	—
Les loyers annuels relatifs à divers locaux commerciaux et	—	—	—	—	—	—	—
établissoient à environ \$5.2 millions au 31 décembre 1968.	—	—	—	—	—	—	—
La Société s'est assuré des priorités pour les avions super-	—	—	—	—	—	—	—
soniques Concord de Boeing. Il ne s'agit pas ici de contrats	—	—	—	—	—	—	—

4. Engagements

Avant l'adoption en 1996 du principe de la répartition de l'impôt sur le revenu, on avait imposé au revenu certaines provisions qui n'étaient pas admises en abattement du revenu imposable. Quant à la Société sera autorisée à déclamer ces sommes à titre d'abattement, le décretement de quelle que sorte d'ajoutera aux bénéfices non reportés.

3. Impôts sur le revenu différenciés

Le produit de la vente de six DC-9, modèle 14, en 1968, a pris la forme de billets échéant de 1968 à 1971. Les \$12,056,000 qui paraisseut au bilan représenteront les échéances des années postérieures à 1969.

2. Billets à recevoir

Ces dispositions ont eu pour effet de réduire de \$5,350,000 les dépenses d'amortissement en 1968, ce qui s'est traduit par une augmentation de bénéfice, après impôt.

Quant aux appareils Viscounet, ils seront soumis à un amortissement jusqu'à 1971 inclusivement. Quant aux intégral qui sera terminé en 1971 et ne laissera pas

Le délai d'amortissement de 13 des Vanguard qui, d'après le programme antérieur, devaient atteindre leur valeur résiduelle le 31 décembre 1968, a été prolongé jusqu'aux nouvelles dates prévues pour leur retrait du service, lesquelles se déclineront dans un parc de Vanguard.

1. Aims and Objectives

PROVENANCE DES FONDS		EMPLOI DES FONDS	
1967	1968	1968	1967
35,684	38,086	8,184	\$ 3,547
35,550	8,180	\$ 8,184	Bénéfice
35,684	35,684	\$ 3,547	Autre : amortissement
35,550	35,550		Impôts sur le revenu différences
42,781	54,450		Règlement de réclamations d'assurance
44	4,985		Ventes d'immobiliers et de matériel — net
67,000	90,000		Emprunts d'ordre capital
(677)	583		Impôt fédéral remboursable
9,425	—		Acquisitions d'immobiliers et de matériel comprenant les acomptes
44	118,573		Acquittement versés sur engagement à long terme
67,000	150,018		Dividende
(677)			Diminution du fonds de roulement
9,425	149,344	129,428	\$ 111,055
44	200	200	\$ 5,024
67,000	5,498	129,628	
(677)	155,042		
9,425			

1967	1968	REVENUS D'EXPLOITATION
\$295,553	\$328,137	Passagers
26,007	34,773	Fret et messageries
14,223	14,633	Courrier
1,333	1,448	Excédent de bagages
4,173	5,118	Noisiements
4,322	3,519	Services accessoires — net
66,931	69,829	Frais de vol
31,919	36,268	Service — passagers
50,982	57,961	Service — appareils et trafic
53,404	56,515	Ventes et promotion
14,164	15,844	Frais généraux et d'administration
39,705	39,669	Amortissement
329,731	359,610	DEPENSES D'EXPLOITATION
72,626	83,524	Frais de vol
66,931	69,829	Service — passagers
31,919	36,268	Service — appareils et trafic
50,982	57,961	Ventes et promotion
53,404	56,515	Frais généraux et d'administration
14,164	15,844	Amortissement
39,705	39,669	DEPENSES HORS EXPLOITATION
15,880	28,018	BENEFICE D'EXPLOITATION
13,857	18,247	Intérêts sur la dette
(5,074)	(6,593)	Revenu hors exploitation — net
8,783	11,654	PROVISION POUR IMPOTS SUR LE REVENU
7,097	16,364	BENEFICE
3,550	8,180	PROVISION POUR IMPOTS SUR LE REVENU
7,097	16,364	BENEFICE
8,283	11,630	Solde au début de l'exercice
(200)	(200)	Dividende à raison de \$4,00 par action
8,283	11,630	Solde en fin d'exercice
(200)	(200)	BENEFICES NON REPARTIS

EXIGIBILITÉS		Passif	
Comptes à payer	\$ 16,791	1967	
Soldes à payer à d'autres lignes aériennes — traffic	12,638		
Cautionsnements — plan de crédit universel	1,874		
Traitements et salaires	10,256		
Transport perçu d'avance	9,284		
Intérêts et dividende à payer	4,449		
392,820			BILLETS ET OBLIGATIONS NON GAGÉS
14,640			IMPÔTS SUR LE REVENU DIFFÉRENT
6,460			RESERVE POUR ASSURANCES
6,249			AVOIR DES ACTIONNAIRES
6,463			CAPITAL-ACTIONS
5,000			Emises : 50,000 actions entièrement libérées
11,630			Autorisées : 250,000 actions d'une valeur au pair de \$100 chacune
19,614			BÉNÉFICES NON REPARTIS
24,614			
16,630			
\$ 387,451			
\$ 508,391			

DISPONIBILITÉS	
Actif	1967
Encaisse	\$ 15,088
Billets et comptes à recevoir	46,971
Matiéaux et fournitures au prix coutant, moins provision accumulée pour désoûtude (1968, \$16,610; 1967, \$15,016)	21,513
Frais payés d'avance	17,406
IMPÔT FÉDÉRAL REMBOURSABLE	71,852
FONDS D'ASSURANCE — valeur du marché	1,663
BILLETS À RECEVOIR	2,246
IMMÉUBLES ET MATERIEL — au prix coutant	6,249
Matiériel volant et pièces	494,954
Matiériel au sol et installations	74,998
Déduire: amortissement accumulé	375,881
ACOMPTES VERSES SUR ENGAGEMENT À LONG TERME	450,879
ACOMPTES	252,136
355,322	54,968
401,321	307,104
5,498	5,498
\$508,391	\$387,451





adapter l'équipement aux exigences futures, l'automatisation des contrôles d'entretien, de classement et d'inventaire est à l'étude. En raison de sa nature dynamique, l'industrie du transport aérien offre de grandes possibilités à ceux qui savent faire preuve d'imagination et d'ambition. Le personnel d'Air Canada s'est bien acquitté de sa tâche en 1968 ; sa compétence et son sens de l'engagement servent les ressources les plus précieuses de la Société dans l'avenir.

Ce rapport servait incomplet s'il ne rendait hommage à M. G. R. McGregor qui, après avoir présidé Air Canada pendant 20 ans, a pris sa retraite en mai 1968. En annonçant son départ, le Conseil d'administration lui a exprimé sa profonde reconnaissance des grands transporteurs du monde.

Le Conseil d'administration tient à remercier également M. N. J. MacMillan, C.R., pour ses services précieux à titre de président intérimaire de la Société, après le départ de M. McGregor.

Yves Pratte

Yves Pratte



Les progrès techniques du transport aérien présentent d'immenses perspectives économiques. Avec l'avènement des gros jets, certains constructeurs au coût de plusieurs millions de dollars, la rentabilité sera davantage fonction de l'exploitation de longs trajets. La croissance et la prosérité d'Air Canada reposent de pair avec le développement des marchés du transport aérien, tant au pays qu'à l'étranger. La Société s'efforce, en particulier, de susciter de nouvelles échelles meridionales pour corriger les fluc-tuations saisonnières du trafic, qui sont encore plus prononcées dans le cas d'un transporteur de l'hémisphère nord.

La concurrence et les services régionaux intérieurs ont une incidence directe sur la planification d'Air Canada. La Com-régionale constante avec plaisir que le Gouvernement fédéral semble disposer à examiner ces questions en fonction des cir-constances toujours différentes.

Air Canada s'intéresse avant tout au bien commun et veut battre, dans le cadre d'une politique nationale, un service de transport aérien à la fois efficace et profitable, qui répondre le mieux possible aux exigences du Canada, au pays et à l'étranger.

Elle poursuit activement des travaux de recherche et de mise au point et travaille à automatiser la maintenance des bagages, à confier l'établissement des billets aux ordinateurs, à accélérer les formalités de contrôle et d'embarquement, à perfectionner son réseau de réservation afin d'être en mesure d'acheminer le trafic qui, elle prévoit dans les prochaines années. De même, pour

La Société entre dans sa 33e année et les Canadiens peuvent être fiers de leur ligne, qui se range parmi les plus considérables et les plus estimées du monde. L'avenir apparaît très prometteur et il y a tout lieu de croire que la croissance rapide de l'industrie du transport aérien dans la dernière décennie se poursuivra et même s'accélérera. En participant à cet élan, Air Canada apporte une importante contribution au progrès économique et social du pays.

Le expansion future, cependant, exigeera des mises de fonds considérables; au cours des cinq prochaines années, Air Canada devra se procurer, de sources extérieures, plus de \$300 millions pour l'acquisition de nouveau matériel. Au cours des dernières années, les nouvelles avions qu'elle a com-

mandés ou pour lesquels elle s'est assuré des priorités de dix prochaines années, les nouveaux avions qu'elle a com-

mandés ou pour lesquels elle s'est assuré des priorités de dix ans de la troisième génération, qui dominent le transport aérien dans les années à venir. Ces dernières comprendront le Boeing 747, le TriStar Lockheed L-1011, ainsi que les ap-

pareils supersoniques Concorde et Boeing 2707 - 300.

Dans l'immédiat, la flotte d'Air Canada s'enrichira en 1969 de six DC-8 allongés et deux DC-9. La Société inaugura un service vers Bruxelles en avril. Elle apportera de nombreuses améliorations à ses lignes actuelles en ce qui a trait au nombre de sièges dans les cabines en classe économique et à la qualité des services.

L'AVENIR





AIR CANADA

autres études, mentionnons celles qui portent sur l'élargissement du réseau et de l'Association internationale du transport aérien. Entre autres, les auspices de l'Association internationale du transport aérien d'Amérique, avec ceux d'autres importantes lignes aériennes du monde, ainsi qu'avec ceux de l'Association du transport aérien du Canada, ainsi que les autres transporteurs canadiens, sous les auspices de l'Association de l'aviation civile d'autre part, l'Association internationale du transport aérien, ainsi que les représentants d'Air Canada ont participé à des travaux d'en-

COLLABORATION AVEC L'INDUSTRIE

De nombreux cadres ont suivi des cours en administration, 52,000 heures.

143,000 heures. D'autre part, l'entraînement destiné au personnel du service-marchandises et du service de poste a représenté

ont subi un entraînement technique représentant un total de 19 métiers

Des employés de la base d'entretenir appartenant à 19 métiers

ont vécu une formation en cours d'emploi.

hotesses recevaient une formation à 140 hôtesses des services au sol ont assisté

à des discussions table ronde, tandis que 100 autres agents et

réal. Un groupe de 140 hôtesses des cours à 200 nouveaux

représentants du service-passagers dans ses locaux de Montréal

commissaires de bord. Elle a donné des cours à 200 nouveaux

La Société a assuré l'entraînement de 350 hôtesses et de 65

cours à 1,200 pilotes en 1969.

prévoit que le centre donnera un total de 10,000 heures de

centres possédant trois simulateurs d'avion, des équipements d'entraînement et du matériel d'enseignement. Air Canada

prévoit également de \$4 millions, à l'aéroport international de Toronto. Ce

bre, elle a inauguré un centre d'entraînement de vol, construit

au coût de \$4 millions, à l'aéroport international de l'île de Montréal. En déce-

au 31 décembre 1968, le nombre d'employés s'établissait à

PERSONNEL

au 31 décembre 1968, le nombre d'employés s'établissait à

700, avec l'Association internationale des lignes aériennes et, aux États-Unis, avec l'Association internationale des lignes aériennes et des

canadienne des navigateurs de l'industrie aérospatiale. Ces accords sont inter-

employés de l'industrie aérospatiale. Ces accords sont inter-

au 31 décembre 1968, le nombre d'employés s'établissait à

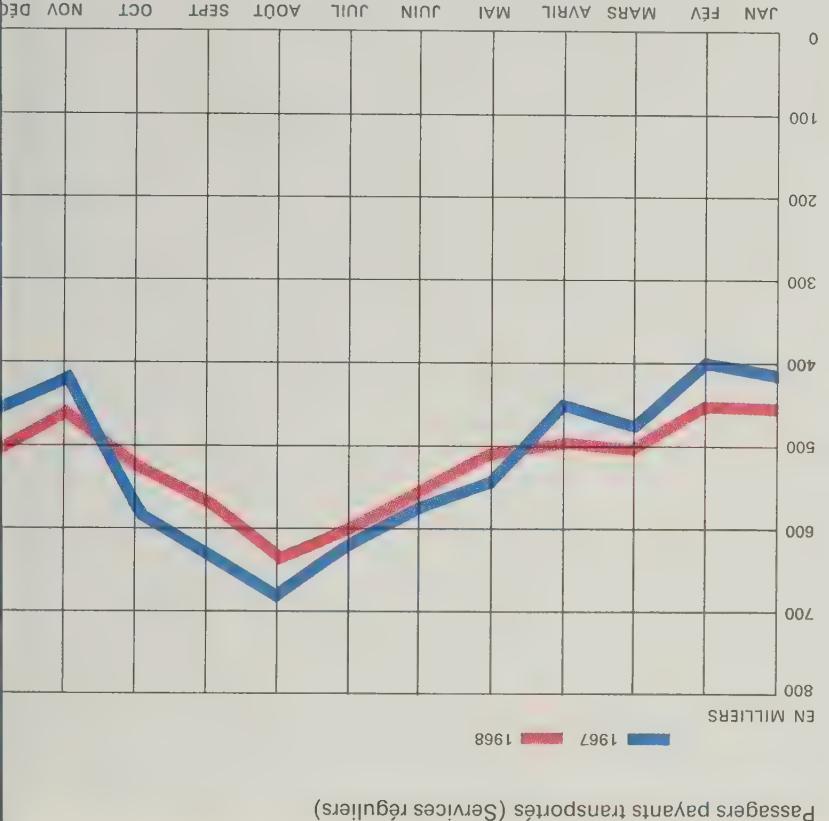
656, au regard de 16,225 à la fin de l'année précédente.

La Société a conclu quatre conventions collectives avec

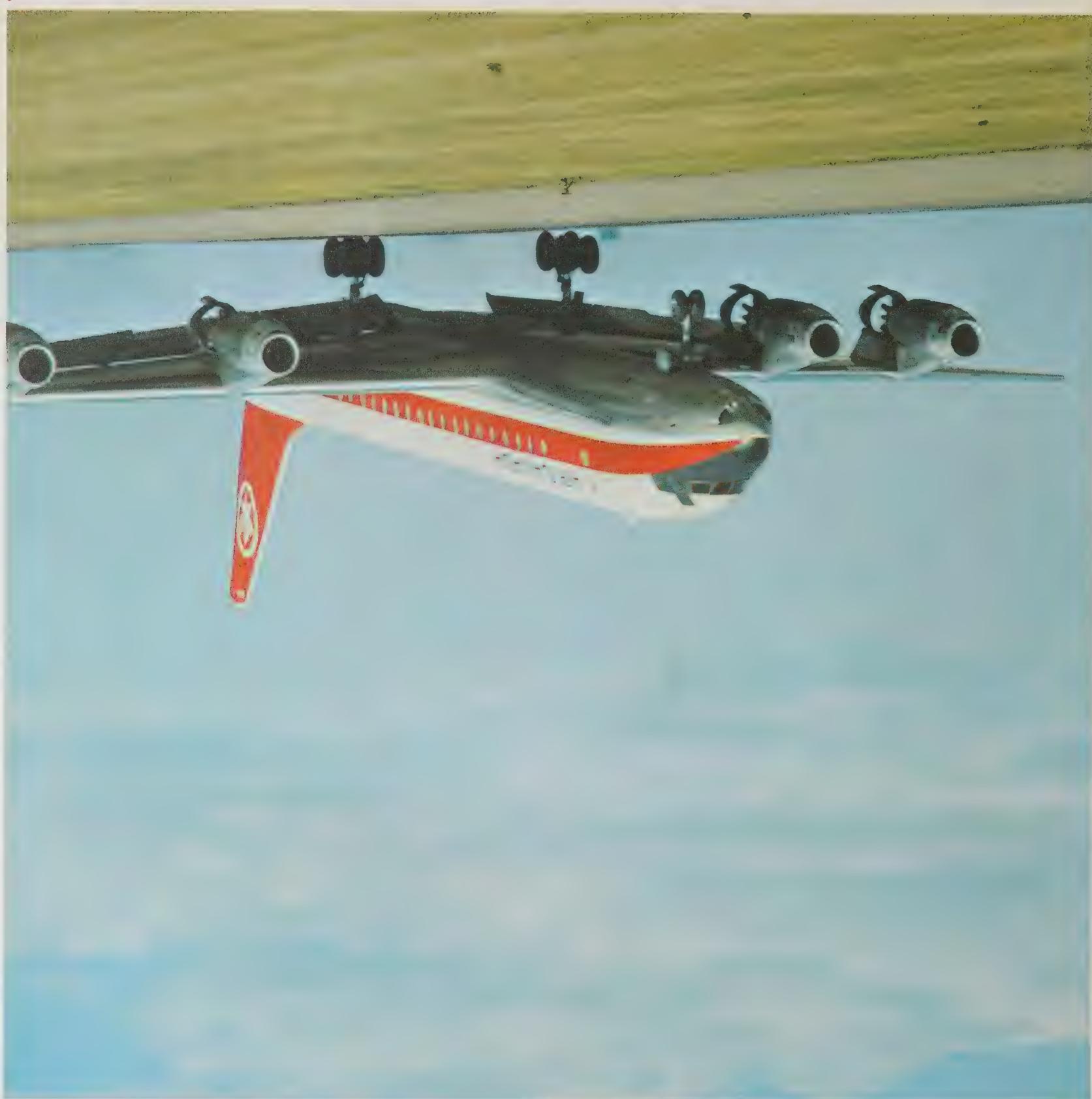
l'Association canadienne des pilotes de ligne, l'Association

canadienne des navigateurs de lignes aériennes, l'Association

canadienne des employés de l'industrie aérospatiale et l'Association



Passagers payants transports (Services réguliers)



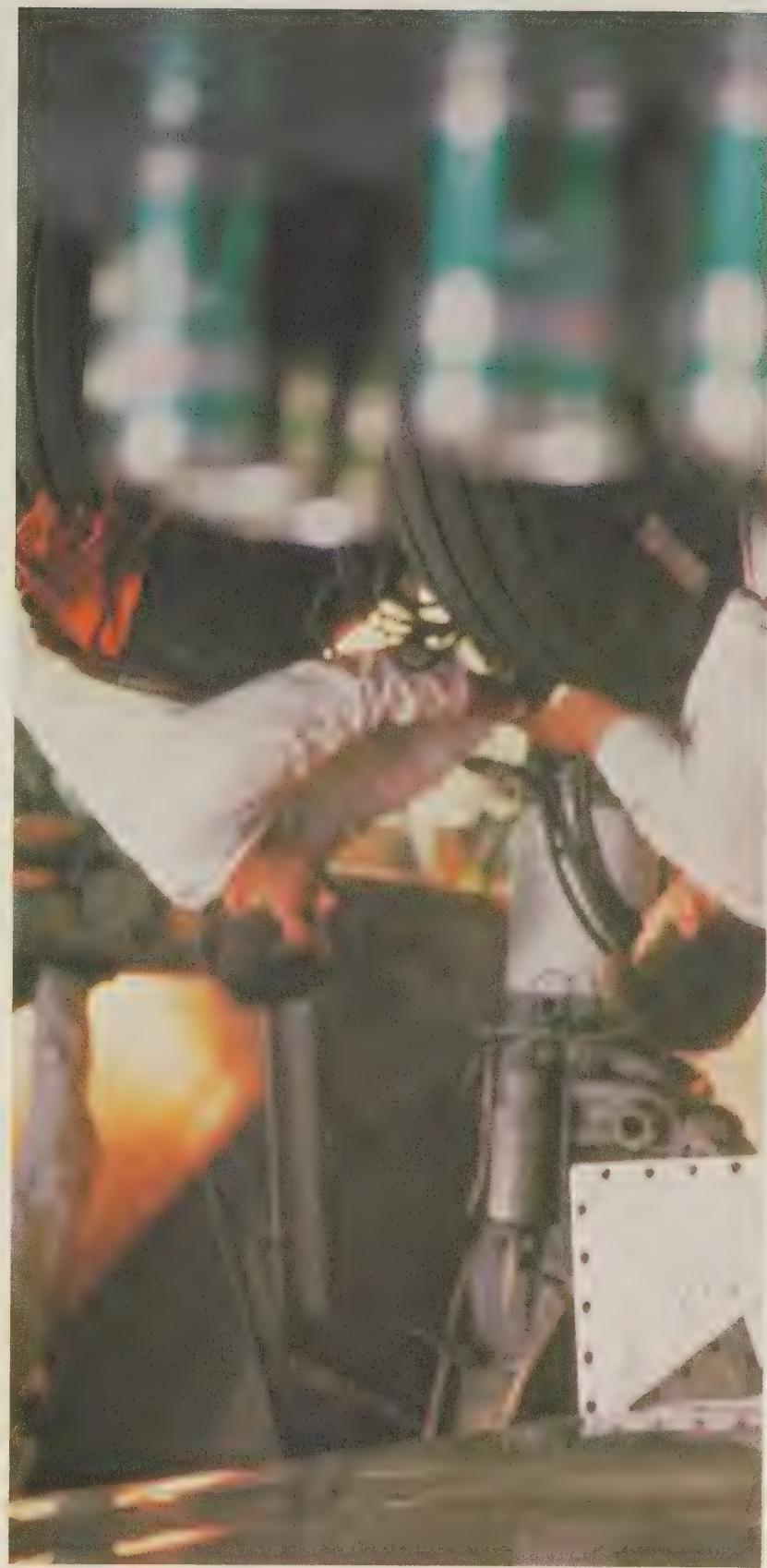
La Société a passé d'importantes commandes de matériel. Au début de 1968, elle a acheté trois Boeing 747, qui lui servent depuis 1971. Ces appareils transportent 369 passagers à 600 miles à l'heure. Un peu plus tard, elle signera des lettres d'intention relatives à 10 TriStar Lockheed L-1011, qui

sieges-milles, a rapprocher de 6
En fin d'année, on avait retrou-
ve six Viscount, D'autres turboheli-
cous des prochains mois. Voici
d'Air Canada à la fin de 1968 :

La Société a reçu de nouveaux avions attendus en 1967 et elle a pu accroître le nombre de places sur toutes ses lignes im-

FLOTTE

Longdrives, et la capacité des installations de Toronto doublee. Air Canada a malentendu ses accords avec British Overseas Airways Corporation, Irish International Airlines et Aeroflot, le transporteur soviétique, relativement à la mise en commun des services sur les lignes transatlantiques. Au terme d'une étude approfondie de plusieurs années, Air Canada a annoncé en mai sa décision de s'assurer un système de réservation très perfectionnée à partir d'ordinateurs de la 1971. A cette fin, elle a octroyé à Univac et Raytheon Corpora- triosième génération et dont la mise en place sera terminée en tion des contrats d'une valeur globale d'environ \$22 millions ; c'est la plus forte commande d'ordinateurs jamais passée par une entreprise canadienne. En plus des demandes relatives aux réservations, le nouveau système, qui portera le nom de Reser- Vec II, fournira des renseignements sur les prix, sur les règle- ments de l'immigration et de la douane, sur les horaires et sur les plans de vols. Un des avantages de l'équipement choisi, billets et des contrôles.



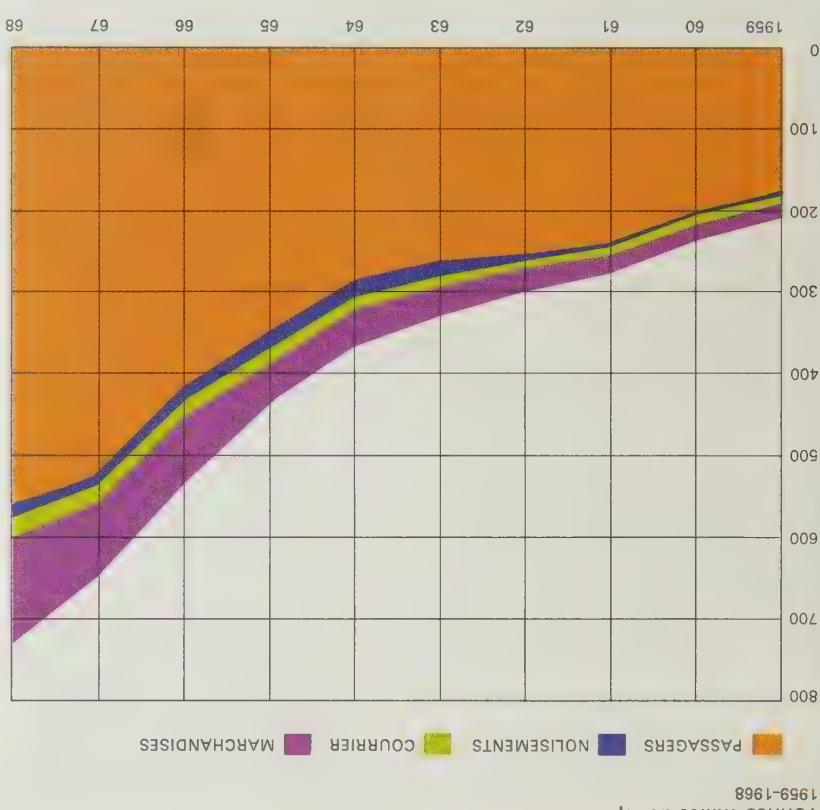
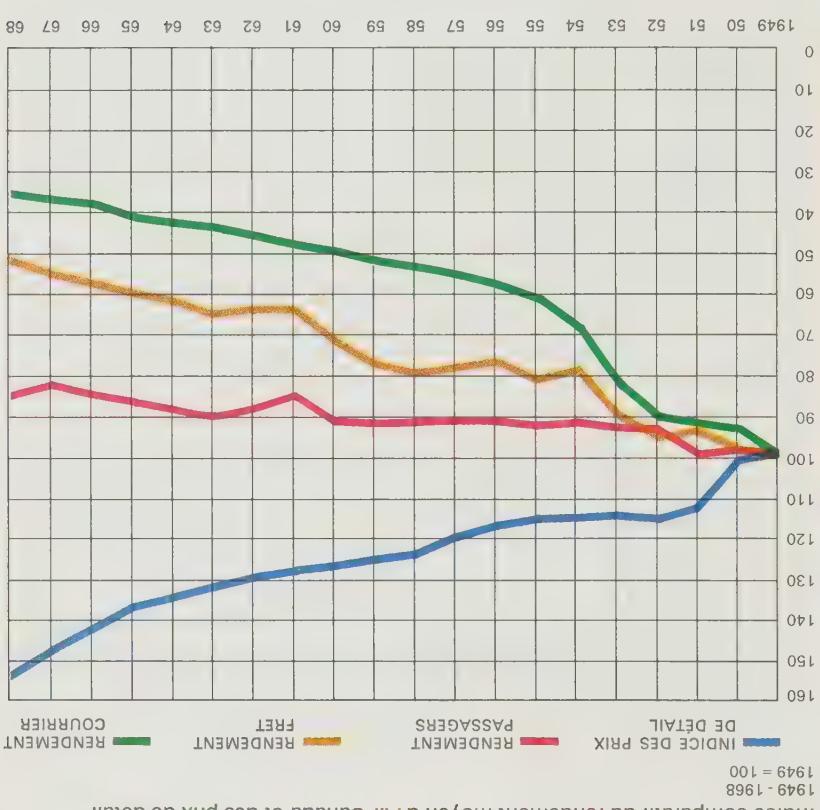
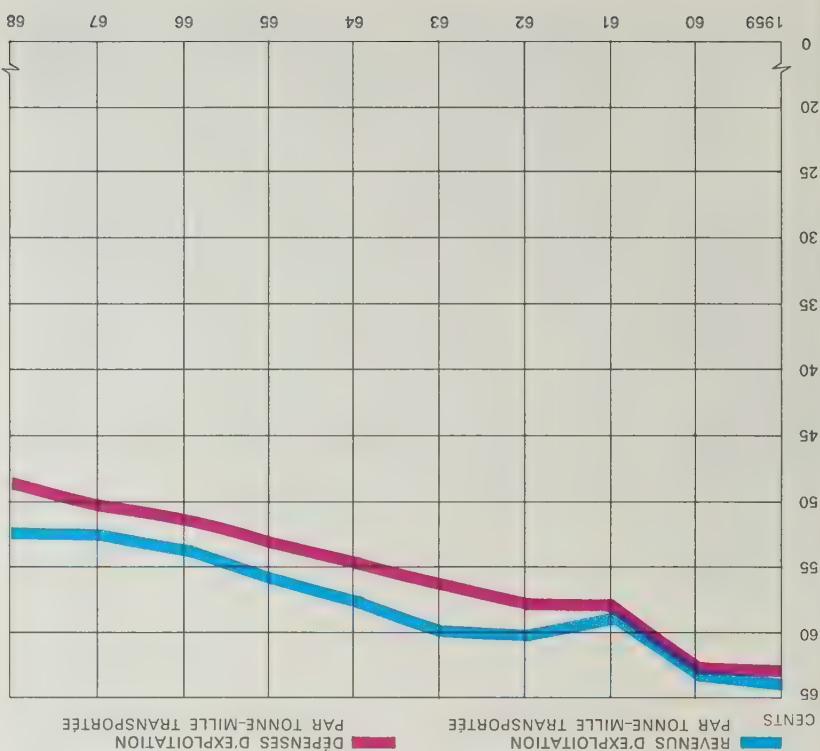
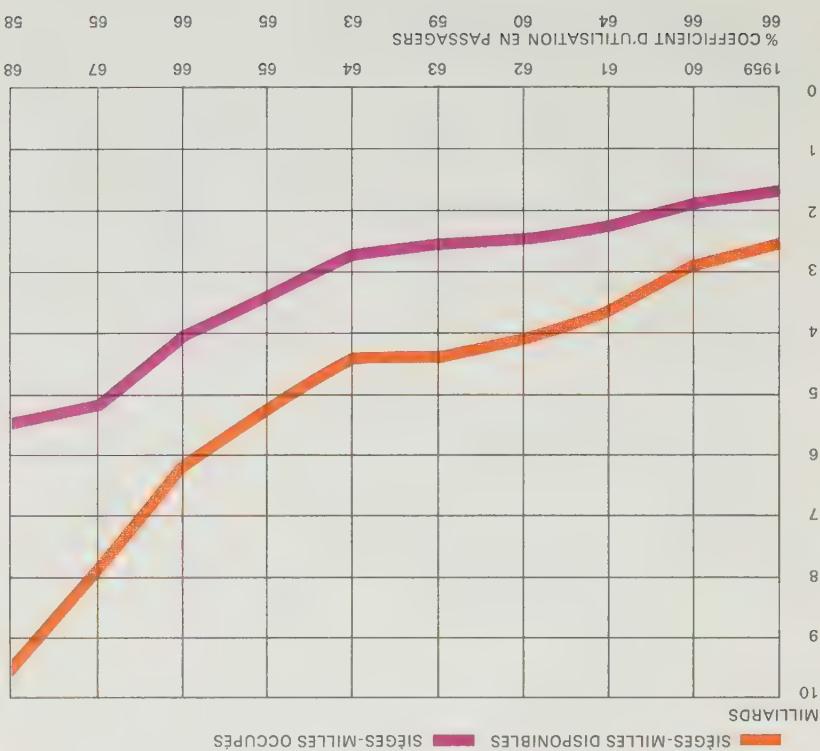


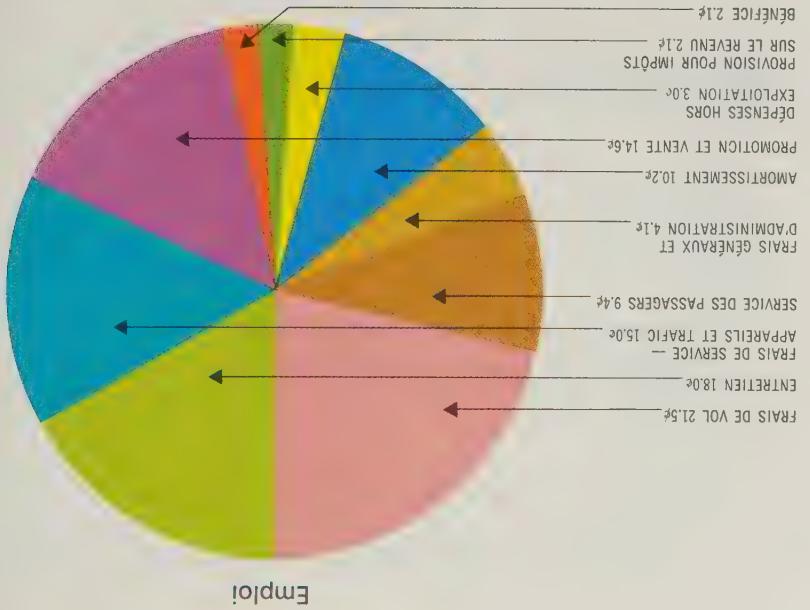
Montreal, Val d'Or et Rouyn ont été reliées cinq jours par semaine. Ce nouveau service complète les liaisons quotidiennes via Ottawa. La Société a commencé de relier quotidiennement sans escalaire à partir de 1964. La haut des Grands Lacs par DC-9 et elle a ajouté un quartierme vol quotidien par DC-9 vers les provinces atlantiques.

Durant les mois d'été, Air Canada a accueilli considérablement le nombre des vols sur sa ligne transatlantique : au total, 37 vols hebdomadaires par DC-8 vers le Royaume-Uni et 17 vers le continent, au lieu de 30 et 15 respectivement en 1967. Elle a également établi deux vols directs par semaine entre Montréal et Zurich. Au cours de l'hiver, la Société a offert 27 vols par semaine à destination de l'Europe, à rapprocher de 24 l'année précédente. Tres en demande, le service Western Arrows d'Air Canada, qui relie les villes de l'Ouest canadien directement à l'Europe, s'est accru de quatre vols au cours de l'été pour un total de 11 par semaine. Deux d'entre eux continuent du Royaume-Uni à Francfort, un autre jusqu'à Copenhague. Ainsi l'Ouest canadien a-t-il été relié directement pour la première fois à l'Allemagne et à la Scandinavie.

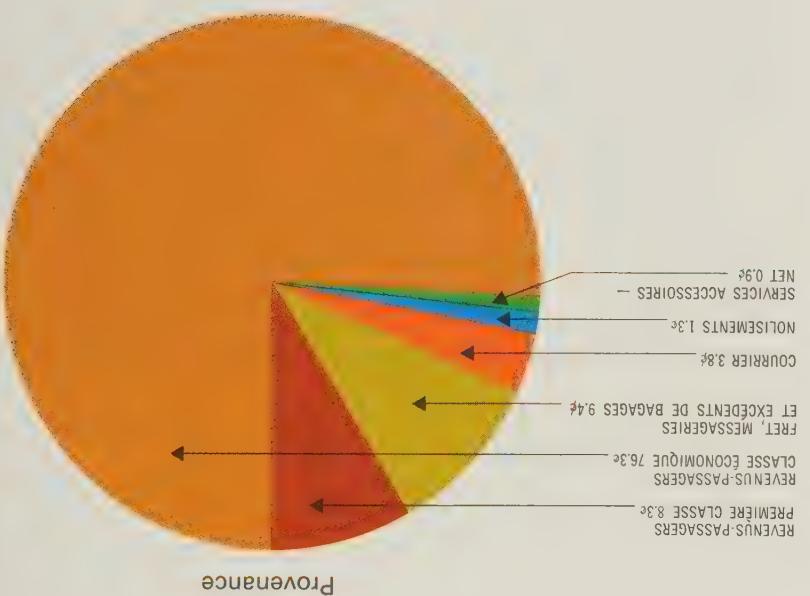
Les services vers le Sud ont disposé de 24% plus de places. Vers les Bahamas, neut vers la Jamaïque neut vols par semaine L'horaire d'hiver d'Air Canada comprendait neut vols la Barbade, à partir de Montréal et Toronto. Six d'entre eux desservait également Antigua et huit poussaient jusqu'à la Trinité.

LIGNES ET SERVICES





Le dollar de revenu 1968



Etats-Unis, et du Québec, l'assurance-chômage et la Sécurité sociale des fonds de sécurité sociale, tels les régimes de rentes du Canada les dépenses comprises comprennent \$2.3 millions en contributions aux droits de douane ont été d'environ \$6.1 millions. En outre, créées par certaines provinces. La taxe de vente fédérale et de \$1.9 million, ou 66%, surtout en raison des hausses de atteint \$7.1 millions. La seule taxe sur le carburant a augmenté administrations provinciales et municipales du Canada ont sur les biens-fonds, le carburant et les ventes versées aux est passé de \$13.7 millions en 1967 à \$15.6 millions. Les taxes le montant des impôts, à l'exclusion de l'impôt sur le revenu fédéral se sont élevés à \$11.7 millions en 1968, une augmentation de 24%.

Les droits d'usage des aéroports versés au Gouvernement d'exploitation. Bien que le nombre moyen des employés n'ait augmenté qu'en 1968, la somme totale des salaires s'est accrue de 13% et représente 56% de l'augmentation totale des dépenses fédérale d'exploitation.

Le montant des impôts, à l'exclusion de l'impôt sur le revenu sur les biens-fonds, le carburant et les ventes versées aux administratives provinciales et municipales du Canada ont atteint \$7.1 millions. La seule taxe sur le carburant a augmenté de \$1.9 million, ou 66%, surtout en raison des hausses de Etats-Unis.



Les revenus d'exploitation de l'exercice se sont établis à \$387,628,000, 12% de plus qu'en 1967. Les revenus-passeurs, qui constituent 85% du total, ont augmenté de 11%. Cette augmentation est attribuable à un accroissement de 8% du trafic-passeurs et de 3% du revenu moyen par passager-mille, résultat de la révision des tarifs nord-américains du 28 avril. Cette révision était nécessaire pour arrêter l'effacement du revenu moyen et assurer les bénéfices propres à faciliter l'accquisition des futurs appareils.

Les revenus-marchandises, qui représentent 7% du total des revenus, ont retrouvé leur vigueur d'avant 1967. Ils se sont accrus de 36% par suite de l'augmentation de 44% du trafic ; c'est là une réaction favorable au service amélioré des avions-cargos effectuée en 1968.

Le faible accroissement des revenus du courrier, 3%, s'explique en partie par la grève de 22 jours qui a paralyisé les postes à l'été de 1968.

Les dépenses d'exploitation ont augmenté de 9% pour atteindre la somme de \$359,610,000. Cet accroissement est principalement attribuable à une hausse du niveau des salaires et du



REVUE FINANCIÈRE

Montreal, Quebec
Place Ville-Marie

Siège social :

du service des approvisionnements et magasins
Directeur général
K. E. Olson
Secrétaire de la Société
R. T. Vaughan, C.R.
Conselliers juridiques généraux
I. E. McPherson
Lionel Côté, C.R.
Vice-président aux relations publiques
R. C. MacInnes
Vice-président aux services administratifs
S. W. Sader
Vice-président à l'exploitation
D. C. Tennant
Premier vice-président aux finances
W. S. Harvey
Premier vice-président aux ventes
W. G. Wood
Vice-président et directeur général
H. W. Seagrim
Président
J. R. Baldwin
Président général
Yves Pratte, C.R.
Direction :

Renaud St-Laurier, C.R., LL.D., Quebec
Bernard Tailleur, Montreal
N. J. MacMillan, C.R., LL.D., Montreal
W. C. Koerner, C.O.S.J.J., LL.D., Vancouver
David A. Anderson, Toronto

Elus par les actionnaires :

Welland D. Woodruff, Toronto
J. G. Simpson, Halifax
R. H. McIsaac, C.S.S., Winnipeg
Yves Pratte, C.R., Montreal
Conseil d'administration : Noms par décret :

2	Conseil d'administration
3-14	Rapport du président général
16-17	Bilan
18	Etat du revenu et des bénéfices non répartis
19	Etat de provenance et emploi des fonds
20	Notes aux états financiers — rapport des vérificateurs
21	Terminologie
22-23	Une décennie de croissance
24	Réseau

SITUATION FINANCIÈRE		STATISTIQUES	
Revenus (en millions de dollars)	\$387,628	1968	Variation (en %)
Dépenses d'exploitation (en millions de dollars)	359,610	329,731	12
Bénéfice (en millions de dollars)	8,184	3,547	9
Mise de fonds en fin d'exercice (en millions de dollars)	417,434	319,450	131
Rapport de rentabilité	6,3%	5,2%	31
Tonnages-milles disponibles (en millions)		Sièges-milles occupés (en millions)*	
Tonnages-milles disponibles (en millions)	5,616,011	5,221,358	8
Sièges-milles occupés (en millions)	1,503,770	1,227,164	23
Rendement par passager-mille payant	5,840	5,660	3
Frais d'exploitation par tonne-mille disponible	23,910	26,870	(11)
Coefficient d'utilisation en passagers	58%	65%	3
Total de la flotte en fin d'exercice	101	101	8
Reseau en fin d'exercice	78,820	68,645	15
Personnel en fin d'exercice	16,656	16,225	3

Coup d'œil sur l'exercice



AIR CANADA RAPPORT ANNUEL 1968